

Message Text

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PAGE 01 STATE 014656
ORIGIN OPIC-06

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DRAFTED BY OPIC/ID/NEA:RGUPTA:ILK
APPROVED BY EB/IFD/OIA:RJSMITH
OPIC/ID/DVP:AKRAMISH (DRAFT)
OPIC/ID/NEA:FMCLJOHNSTON (DRAFT)
EB/IFD/OIA:DHSTEBBING
-----221036Z 007965 /10
R 220200Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA

UNCLAS STATE 014656

FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT: OPIC INVESTMENT INSURANCE FOR DOLLAR DEPOSITS IN
TURKISH COMMERCIAL BANKS

REF: ISTANBUL 0084

1. OPIC HAS NOT ISSUED INVESTMENT INSURANCE TO COVER DOLLAR DEPOSITS IN TURKISH COMMERCIAL BANKS UNDER THE GOT LIRA DEPOSIT GUARANTY SCHEME BEFORE. HOWEVER, A NUMBER OF U.S. BANKS AND PRIVATE U.S. INVESTORS (INCLUDING CHEMTEx) HAVE APPROACHED OPIC RECENTLY FOR SUCH COVERAGE. CHEMTEx IS READY TO FILE ITS APPLICATION FOR OPIC INSURANCE AND APPLY FOR THE GOT APPROVAL.

2. GENERALLY, OPIC PERCEIVES NO OBJECTION IN CONSIDERING
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ISSUANCE OF INVESTMENT INSURANCE IF THE PROJECT FOR WHICH FUNDS ARE BORROWED MEETS OPIC'S MINIMUM CONDITIONS OF ELIGIBILITY. THE END-USE PROJECT SHOULD BE SUCH THAT THE U.S. INVESTOR IS ABLE TO DEMONSTRATE TO OPIC FAVORABLE DEVELOPMENTAL EFFECTS OF THE PROJECT ON TURKISH ECONOMY, AND SHOW POSITIVE EFFECTS OF THE PROJECT ON U.S. ECONOMY, IN TERMS OF BALANCE OF PAYMENTS AND EMPLOYMENT.

3. WHILE OPIC WOULD NOT NORMALLY INSURE A SUPPLIER OR BUYER CREDIT, IT CAN INSURE LOANS HAVING AVERAGE MATURITIES GREATER THAN 3 YEARS WHEN MADE IN CONJUNCTION WITH OTHER INVESTMENT(S) EITHER IN THE FORM OF EQUITY, TECHNICAL ASSISTANCE OR OTHER SERVICES NEEDED BY THE PROJECT. CHEMTEX HAS INFORMED OPIC THAT THE LOAN TERM WILL BE 7 YEARS INCLUDING A 2 YEAR GRACE PERIOD. OPIC WOULD CONSIDER SUCH LOAN(S) AS INTEGRAL PART OF THE TOTAL INVESTMENT IN THE PROJECT, AND SUCH LOANS WOULD NORMALLY BE ELIGIBLE FOR OPIC COVERAGE. THE LENDER'S LONG-TERM INTEREST IN THE FOREIGN ENTERPRISE WOULD BE FACTOR IN DETERMINING LOAN TO BE ELIGIBLE FOR OPIC INSURANCE. THE AVAILABILITY OF EX-IM COVERAGE WOULD ALSO BE CONSIDERED.

4. OPIC WOULD BE RELUCTANT TO CONSIDER PROVIDING INVESTMENT INSURANCE IF THE BORROWING TURKISH BANK IS EITHER AN AGENCY OF THE GOT OR IF THE GOT HAS A CONTROLLING INTEREST IN THE BORROWING TURKISH FINANCIAL INSTITUTION. OPIC WOULD NOT, HOWEVER, OBJECT TO PARTIAL GOT OWNERSHIP OF THE FINANCING INSTITUTION IN QUESTION.

5. OPIC'S INSURANCE IS PROJECT ORIENTED AND CAN NORMALLY BE ADAPTED TO INSURE DIRECT LENDING, LENDING THRU CONDUITS, LOAN GUARANTIES, ETC. THE CONDITIONS AND TERMS OF INSURANCE FOR CHEMTEX HAVE NOT YET BEEN DECIDED, BUT COVERAGE COULD BE WRITTEN TO FIT THE PARTICULAR CIRCUMSTANCES AND TO EFFECTIVELY PROTECT THE INVESTOR AGAINST THE RISK OF DEFAULTED PAYMENTS ATTRIBUTABLE TO POLITICAL

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CAUSES.

6. OPIC ASSUMES THE EXISTING PROCEDURE NEGOTIATED BY EMBASSY FOR GOT APPROVAL FOR OPIC INSURANCE (REGISTRATION UNDER LAW 6224 AND SUBSEQUENT PUBLICATION OF GOT APPROVAL

IN THE OFFICIAL GAZETTE) WOULD APPLY TO COVER ABOVE LOANS. IF THIS IS NOT SO OPIC WOULD APPRECIATE EMBASSY ADVICE WHAT ALTERNATIVE APPROVAL PROCEDURE MAY BE USED, AS WELL AS COMMENTS ON PROPOSED INVESTMENT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, INSURANCE, INVESTMENT GUARANTEES, BANK DEPOSITS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: RGUPTA:ILK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770024-0384
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770127/aaaaaxij.tel
Line Count: 108
Litigation Code IDs:
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Litigation History:
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Message ID: 8abdb7d2-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OPIC
Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 3529054
Secure: OPEN
Status: NATIVE
Subject: OPIC INVESTMENT INSURANCE FOR DOLLAR DEPOSITS IN TURKISH COMMERCIAL BANKS
TAGS: EINV, US, TU, OPIC
To: ANKARA
Type: TE
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Review Markings:
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